

Bob Govey
4/19-1625
EXT. 625

ADVERTISING AGREEMENT

we
for
Hollywood Park Racetrack

Red-Lined
COPY

Larry Morel

AGREEMENT entered into this day of November
1981, by and between Philip Morris U.S.A., a division of
Philip Morris Incorporated, a Virginia corporation with
principal executive offices at 100 Park Avenue, New York,
New York 10017 ("Advertiser"), and Hollywood Turf Club,
Hollywood Park, P.O. Box 369, Inglewood, California 90306
("Operator") for advertising at Hollywood Park Racetrack, a
sports facility located in Inglewood, California (the "Race-
track").

W I T N E S S E T H :

WHEREAS, the Advertiser desires to place certain
advertising materials on advertising space at the Racetrack;
and

WHEREAS, the Operator has the exclusive right to
sell advertising space at the Racetrack on the terms and
conditions set forth in this agreement and desires to grant
such rights to the Advertiser;

NOW, THEREFORE, in consideration of the mutual
covenants herein contained, the parties agree as follows:

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1. Grant of Advertising Rights

Operator hereby grants Advertiser the right to display its advertising material during the term hereof on (a) one removable dura-ply panel approximately 13'10" high x 35' long, located to the right of the matrix board as one faces it ("Advertiser's Panel"); (b) the back cover of the official racing program for each event at the Racetrack (whether thoroughbred or standard bred); (c) a minimum of four (4) clock panels (clocks to be furnished by Advertiser); and (d) at Advertiser's option, one sign on the back side of the tote board.

2. Obligations of Operator and Grant of Additional Rights

2.1 The advertising space in the Racetrack infield shall be known collectively as the "Advertising System". Operator represents and warrants that this shall consist only of Advertiser's Panel and the additional space shown on Exhibit A annexed hereto.

2.2 The Operator shall not, without Advertiser's prior written consent, install or permit to be installed in the Racetrack infield any ~~space for or method of advertising~~ **NEW ADVERTISING SIGN PANEL** (including dioramas), except that contained in the Advertising System. In the event that any new signboard not committed to another advertiser as of the date of execution of this contract is installed on the grounds adjacent to the Race-track, Advertiser shall have a ten-day right of first

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refusal with respect to any such signboard appropriate for a
stationary painted or backlighted display. The foregoing
provisions shall not be construed so as to prevent Operator
from leasing any existing advertising space in or around the
Racetrack to persons other than Advertiser. It is expressly
understood and agreed that there shall be no advertising or
communication of any kind concerning tobacco products or
smoking in or around the Racetrack except by Advertiser.

*Indicates
no more
clean up.*

This paragraph shall not, however, operate to limit the sale or display for sale of tobacco products at concession stands or vending machines in the Racetrack.

2.3 The Operator shall provide Advertiser with color photographs showing Advertiser's advertisements on Advertiser's Panel promptly after each installation of new advertising material thereon.

2.4 Advertising by Advertiser in the Racetrack under this agreement may be for any products of Advertiser or of Philip Morris Incorporated or its subsidiaries not in conflict with similar exclusive rights granted other advertisers and will be subject to the Operator's approval as stated in Paragraph 3.1.

2.5 The Operator shall permit Advertiser to place
Advertiser's cigarette vending machine roof on each cigarette
vending machine in the Racetrack. The Operator shall cause

the top row of each machine (at least 11 columns) to be stocked with Advertiser's brands. ~~The Operator shall cause Advertiser's Packmaster[®] merchandiser, which shall feature Advertiser's promotional display panel and be stocked to at least 50% of capacity with Advertiser's brands of cigarettes, to be used in all areas in which cigarettes are sold over the counter in the Racetrack.~~

2.6 The Operator warrants that the total attendance at racing events held at the Racetrack during each Contract Year (as defined in Paragraph 4.1) will be at least two million spectators.

2.7 For each racing event held at the Racetrack, Operator shall, if requested by Advertiser, provide Advertiser with up to six tickets with privileges in the Turf Club (to be picked up by Advertiser at the "will call" booth).

2.8 Advertiser shall at its expense arrange for the installation of lighting for the Advertiser's Panel in accordance with standards of illumination customary in the outdoor advertising industry. The Operator shall cause the Advertiser's Panel to be illuminated during all night thoroughbred and harness racing events and during all other or special events occurring in the Racetrack, so long as such illumination does not materially conflict with the nature of such other or special events.

3. Advertising Copy, Installation and Maintenance

3.1 The design, layout and content of all advertising copy provided for herein shall be subject to approval by the Operator, which approval shall not be unreasonably withheld. The use by Advertiser of similar copy in other sports facilities in the United States shall be one standard establishing reasonableness. Such copy may be changed at any time; provided, however, that the specifications for such changes (as well as any change in the product to be advertised) shall have been approved in advance by the Operator. In the event the Operator intends to withhold its approval of any copy submitted by Advertiser, it shall notify Advertiser of such intention within five (5) days of the receipt of such copy.

3.2 Advertiser shall bear all costs of producing, painting and installing its copy on Advertiser's Panel and shall have the right, at its own expense, to change such copy up to three times during any Contract Year.

3.3 Maintenance of Advertiser's Panel, including any necessary cleaning, shall be the responsibility of the Operator.

4. Term, Payment and Renewal of Agreement

4.1 The term of this agreement shall commence on the date on which Advertiser's Panel has been fully installed (the "Installation Date") and shall continue for a period of ten (10) years unless extended as provided below. The term

or extended term is herein called the "Contract Period". A "Contract Year" is any year commencing on the Installation Date and ending on the anniversary of the Installation Date during the Contract Period.

4.2 Advertiser shall pay the Operator for the advertising rights granted herein by it the sum of one hundred fifty thousand dollars (\$150,000), which sum shall include all applicable taxes, for each Contract Year. For the first Contract Year, \$150,000 is due within ten days after Advertiser receives written notice of the Installation Date together with the color photographs to which reference is made in Paragraph 2.3 and the certificate of insurance to which reference is made in Paragraph 8. For the remaining Contract Years, the \$150,000 is due on the anniversary of the Installation Date.

4.3 Delay in the performance of this agreement from acts of God or any other cause beyond the control of the Operator, or because of any strike, work stoppage, picketing, damage or concerted action by any employee or any labor organization, shall not constitute a ground for cancellation. In the event of a loss of service occasioned by such cause, Advertiser may elect to receive a pro rata refund from the Operator based on the portion of the Contract Year during which such loss of service occurred. The amount of any refund to Advertiser shall be calculated by dividing the number of racing events scheduled to be run in the Racetrack during the period of loss of service by the total number of

such racing events scheduled to be run during the Contract Year and multiplying this quotient by the total payment otherwise due from Advertiser for the Contract Year.

4.4 Advertiser may renew this agreement at the then prevailing rate ^{AS DETERMINED BY OPERATOR.} and otherwise upon the same terms and conditions for two additional periods of five (5) years each by giving the Operator notice [^] nine months prior to the last day of the then final Contract Year of this agreement, as extended, if applicable; provided, however, that this Paragraph 4.4 shall not be a part of the agreement for the final renewal period.

4.5 If Advertiser does not exercise the option to renew by [^] nine months prior to the last day of the then final Contract Year of this agreement, the Operator may grant the advertising rights granted hereunder to any other party upon the expiration of this agreement, but not upon terms more favorable than those offered to Advertiser without granting to Advertiser a twenty-day right to first refusal of the more favorable terms.

5. Termination

5.1 In the event of a default by either party in the performance of any of the terms or conditions of this agreement, except a delay by the Operator for one of the reasons set forth in Paragraph 4.3, which default shall not have been remedied within thirty days after notice of the

default has been given in writing to the defaulting party, the non-defaulting party may, in addition to any other remedies which may under the circumstances be available to it, terminate this agreement, effective immediately, upon notice of termination given in writing.

5.2 If any federal, state, municipal or local law, regulation, ordinance, or ruling becomes effective which makes advertising of tobacco products at Hollywood Park unlawful, generally or as to the type of advertising contemplated by this agreement, [^]or requires a modification of advertising copy that materially reduces the value of this agreement, this agreement may be terminated by the Advertiser as of the date such law, regulation, ordinance, or ruling becomes effective.

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5.3 If the Operator, or any third party, exercises any undue restraint of the advertising by Advertiser hereunder, then this agreement may be terminated by Advertiser as of the date such restraint is imposed upon the Advertiser.

5.4 If attendance at the Racetrack falls below the minimum figure stated in Paragraph 2.6, then this agreement may be terminated by the Advertiser as of the final day of the Contract Year during which attendance falls below said minimum.

5.5 In the event this agreement is terminated for any reason, other than a breach of the agreement by Advertiser, prior to the end of a period for which Advertiser has paid

the Operator, then the Operator shall make a pro rata refund to Advertiser. The amount of any such refund to Advertiser shall be calculated by (a) dividing the number of racing events actually held in the Racetrack to the date of termination by the number of racing events originally scheduled to be held in the Racetrack during such Contract Year, (b) multiplying this quotient by the total payment made by Advertiser for such Contract Year, and (c) subtracting the product so obtained from the total payment made by Advertiser.

6. Assignment

Neither party may assign any of its rights under this agreement without the consent of the other, except that Advertiser may make an assignment to any division or any majority-owned subsidiary of Philip Morris Incorporated. In the event assignment does occur, such assignment shall not relieve the assigning party from its liability or obligations hereunder, and this agreement shall also be binding on the successors and assigns of both parties.

7. Indemnification

7.1 Advertiser shall defend, indemnify and save the Operator harmless from any and all loss, liability, claims and demands arising out of the character, contents or subject matter of any copy displayed by Advertiser in the Racetrack.

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7.2 (Except with respect to the contents of advertising copy displayed by the Advertiser hereunder,) The Operator shall indemnify the Advertiser and hold it harmless from and against any and all claims, damages, liabilities, costs and expenses, including reasonable legal fees, arising from negligence on the part of the Operator, its employees or agents. At its option, the Advertiser may defend any suit on its own behalf, unless such suit is defended by an insurance carrier, but at the expense of the Operator and without any release, impairment or limitation of the obligations of the Operator hereunder.

8. Insurance

The Operator shall provide, at no cost or expense to the Advertiser, public liability insurance with a limit of \$500,000 per person and \$1,000,000 per occurrence for personal injury or death, covering incidents that may occur at the Racetrack, and shall provide the Advertiser with a certificate of the insurance carrier showing that the insurance has been obtained and providing that it shall not be cancellable except upon thirty (30) days notice to Advertiser.

9. Authority

The Operator represents and warrants that it has full and exclusive right and authority to enter into this

agreement granting to Advertiser the rights set forth herein and that the Advertising System is and will remain free of all liens and encumbrances.

10. Insolvency, Bankruptcy

In the event that the Operator becomes insolvent, makes an assignment for the benefit of creditors, becomes the subject of any bankruptcy, reorganization or arrangement proceeding or defaults in any obligation, which default would allow the party to whom the obligation is owed to attempt to foreclose Advertiser from exercising its rights as granted hereunder, then the Advertiser may at any time on written notice to the Operator, effective immediately, cancel this agreement.

11. Relationship of the Parties

The Operator is and shall remain an independent contractor, and nothing contained herein or done pursuant hereto shall be construed to create any relationship of principal and agent or employer and employee between the Advertiser and the Operator or to make them joint venturers.

12. Headings

Headings are supplied for convenience of reference only and are not to be construed as an interpretation of any of the language of this agreement.

13. Laws to Govern

This agreement, and all matters of issue collateral thereto, shall be governed by the laws of the State of California applicable to agreements made and to be performed entirely within the State of California.

14. Entire Understanding

This agreement contains the entire understanding of the parties hereto relating to the subject matter herein contained and may not be changed except by written consent of both parties.

15. Notices

Any notice required or permitted to be given under the terms of this agreement shall be in writing and shall be deemed to be given as of the date of postmark if sent by United States certified mail, return receipt requested, postage fully prepaid, to the proper address set forth below, or to such other person or address as either party may designate by written notice to the other party as herein provided.

OPERATOR:

Hollywood Turf Club
P.O. Box 369
Inglewood, California 90306
Attention:

ADVERTISER:

Philip Morris U.S.A.
100 Park Avenue
New York, New York 10017
Attn: Director of Media

IN WITNESS WHEREOF, the parties hereto have caused
this agreement to be duly executed as of the date and year
first above written.

HOLLYWOOD TURF CLUB

PHILIP MORRIS U.S.A.

By: _____

By: _____

EXHIBIT A

The advertising space in the infield of the Race-track during the term of this agreement shall consist of only the following:

1. Advertiser's Panel
2. One tri-vision display to the left of the matrix board.
3. One sign on the back of the tote board (four sponsors including Advertiser, at Advertiser's option).
4. One clock on the matrix board.

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